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VIRGINIA BUSINESS REPORT

BUREAU OF BUSINESS RESEARCH, SCHOOL OF BUSINESS ADMINISTRATION
THE COLLEGE OF WILLIAM AND MARY, WILLIAMSBURG, VIRGINIA

Report No. 290 **July, 1984**

Business in Virginia June, 1984 Data

Smooth sailing with a steady breeze. That generally describes the economic performance in June, for the State and nearly all urban areas, for the types of business activity reported in Table II. Statewide, new car registrations grew year-over-year by 15.1 percent in June, compared to 16.0 percent in May, a decrease of only .9 percent. Our retail sample revealed 9.7 percent growth in June versus 10.0 percent in May, a mere 0.3 percent difference. That degree of stability in the growth rates makes the deceleration in growth barely noticeable.

Electricity consumed and water consumed both returned to double-digit increases in June, 12.0 percent and 11.0 percent respectively. These measures reflect household acitivity and weather as well as business activity. However, their strong simultaneous acceleration last month implies business output grew substantially. A good indicator that employment should continue to increase at a satisfactory pace.

The lagged data from May for nonagricultural employment and taxable sales confirmed our expectation last month that a healthy expansion in jobs and trade still was occurring. The May employment growth was 4.3 percent, only slightly below April's 4.5 percent. Taxable sales growth in May accelerated slightly, to 24.8 percent versus 23.3 percent in April. Here again, very stable growth rates!

Building permits did grow by only 10.3 percent in June, a substantial drop from the 29.0 percent increase in May. However, remember the June rate represents a comparison against June 1983, when the building boom really hit, pushing building permits up by 91.3 percent over June 1982. Because June and July 1983 were such extraordinary months for building permits, merely **matching** that performance would be an outstanding accomplishment. The fact that building permits this June were up by 10.3 percent compared to last year is very good news. We do expect higher interest rates to dampen construction activity in the future; but, the June figures do not show much, if any, negative effect has occurred so far.

While still looking at the good news, a salute to Petersburg is appropriate. The June data indicate that growth in construction activity, retail trade and services is moving that area into economic recovery. Plus, their May unemployment rate of 7.1 percent slightly bettered the national one at that time of 7.2 percent. We look for that upward momentum to continue.

There are some disturbing crosscurrents at work underneath the overall scene. Nationwide, as well as in Virginia, the consumer spending for durable goods, especially automobiles, furniture, and household appliances, has continued to increase more strongly than expected. Current high demand for those goods seems to have been partially at the expense of tourism, nationwide. Virginia was hit, too, with tourism down somewhat in many parts of the State in June, and disappointing early July reports. We anticipated last month that consumer spending would shift from durable goods to tourism, as appeared to have happened in May. But in June the shift seems to have gone the other way--from tourism to durable goods. That should not continue throughout July and August, but we have no real evidence of a reversal yet. RLP

Chart I

Nine Selected Business & Economic Indicators Percentage Change

Percentage Change June, 1984 from June, 1983

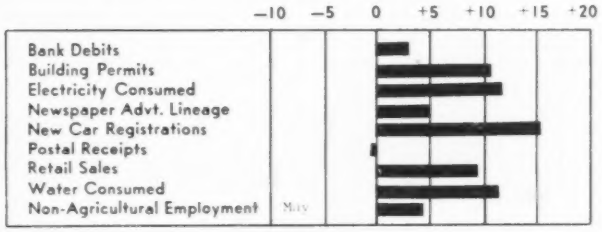
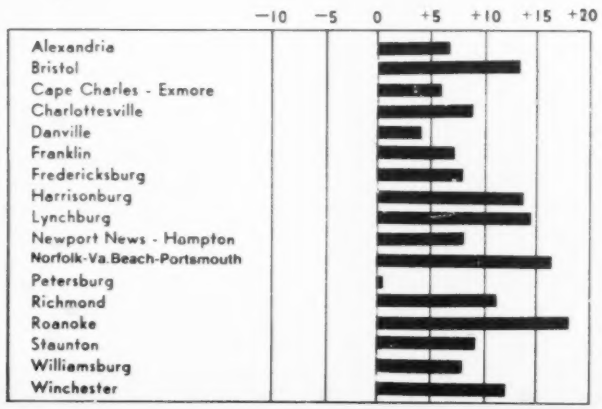


Chart II

City Indices

Percentage Change June, 1984 from June, 1983



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SELECTED BUSINESS AND ECONOMIC INDICATORS FOR 17 CITIES

TABLE I June, 1984

Monthly Index Number Comparisons of Current Month to Same Month in Base Period (1977) - Base Period = 100

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV LINAGE	NEW CAR REGIS-TRATIONS	MAY NON AGRI CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	POSTAL RECEIPTS
The State		370.5	220.7	124.6	117.8	113.6	119.9	97.3	150.7	263.2
Alexandria	213.8	852.5	892.0	127.1	N.A.	155.1	387.4	103.2	150.1	N.A.
Bristol	148.0	247.7	186.4	89.6	68.7	129.0	N.A.	93.3	144.6	263.3
Cape Charles - Exmore	149.2	244.6	229.9	111.4	N.A.	105.3	N.A.	N.A.	142.1	209.3
Charlottesville	175.1	246.7	260.7	118.9	N.A.	182.6	N.A.	120.5	178.7	245.3
Danville	126.6	N.A.	263.5	121.1	103.7	112.1	N.A.	93.6	153.7	222.1
Franklin	128.6	N.A.	17.6	112.8	107.7	148.4	N.A.	97.6	132.1	243.0
Fredericksburg	172.2	168.3	446.5	N.A.	133.9	211.8	N.A.	64.1	192.5	275.4
Harrisonburg	164.6	247.6	134.8	N.A.	123.0	126.6	N.A.	123.4	177.3	249.9
Lynchburg	263.9	373.0	323.4	113.5	N.A.	146.6	N.A.	116.0	146.8	662.3
Newport News - Hampton	143.9	238.6	244.6	112.4	77.6	129.9	65.1	120.8	150.7	N.A.
Norfolk - Va. Beach - Portsmouth	166.2	286.3	263.5	135.8	125.8	142.0	85.6	87.7	189.5	N.A.
Petersburg	116.3	183.8	416.6	n.a.	80.6	90.3	N.A.	99.9	120.6	173.5
Richmond	154.7	378.6	304.1	140.2	110.7	133.3	116.0	116.4	116.6	219.7
Roanoke	157.8	416.1	59.1	97.6	134.5	102.6	107.1	112.0	165.9	249.8
Staunton	127.3	149.4	19.4	N.A.	73.5	131.1	N.A.	N.A.	136.5	204.3
Williamsburg	163.2	194.8	181.5	154.6	N.A.	180.3	N.A.	103.4	131.3	323.7
Winchester	152.7	347.4	54.2	115.9	170.8	149.3	N.A.	121.2	108.5	248.4

TABLE II June, 1984

Percentage Change from same month last year

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV LINAGE	NEW CAR REGIS-TRATIONS	MAY NON AGRI-CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	MAY RETAIL SALES ‡
The State		2.8	10.3	12.0	5.0	15.1	4.3	11.0	9.7	24.8
Alexandria	6.6	18.4	52.5	9.9	N.A.	9.2	5.6	10.7	3.3	24.7
Bristol	13.3	-1.6	200.5	15.3	-4.1	45.2	4.6	1.2	11.9	21.3
Cape Charles - Exmore	5.7	40.1	-67.2	8.2	N.A.	20.4	N.A.	N.A.	0.0	9.5
Charlottesville	3.5	-2.2	260.9	13.9	N.A.	7.1	1.2	8.1	-2.8	26.2
Danville	3.9	N.A.	117.0	3.6	-3.9	10.7	1.8	2.2	5.0	34.4
Franklin	7.1	N.A.	-75.9	12.6	1.9	34.3	N.A.	-13.3	4.7	-23.9
Fredericksburg	7.9	3.2	121.2	N.A.	7.5	24.6	N.A.	3.2	4.0	54.7
Harrisonburg	13.3	21.1	-48.4	N.A.	9.0	21.1	N.A.	13.8	11.9	27.7
Lynchburg	14.6	-25.1	118.1	12.4	N.A.	21.2	4.3	10.4	14.5	18.1
Newport News - Hampton	7.8	6.0	73.2	13.2	0.1	31.7	5.8	-4.1	4.6	24.8
Norfolk - Va. Beach - Portsmouth	16.2	-1.2	5.6	15.1	13.7	26.8	5.5	25.4	10.9	26.4
Petersburg	0.6	8.0	600.4	N.A.	-20.2	-5.8	-0.5	4.7	8.2	21.2
Richmond	11.1	0.9	-31.9	12.5	10.1	7.5	2.4	15.0	10.9	24.9
Roanoke	17.7	38.7	124.3	15.4	1.3	11.4	3.3	9.5	28.8	24.4
Staunton	8.8	13.6	-95.9	N.A.	-7.5	43.9	N.A.	N.A.	2.5	23.7
Williamsburg	7.8	9.3	-56.0	10.9	N.A.	22.5	N.A.	4.2	3.0	3.4
Winchester	12.1	17.4	-30.7	9.8	12.7	20.5	N.A.	12.1	9.9	37.7

TABLE III

Percentage Change January - June from same period last year

CITY	CITY INDEX*	BANK DEBITS*	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV LINAGE	NEW CAR REGIS-TRATIONS	JAN. - MAY NON-AGRI-CULTURAL EMPLOYMENT #	WATER CONSUMED	RETAIL SALES †	JAN.-MAY RETAIL SALES ‡
The State		9.2	29.0	10.6	12 0	21.1	4.6	7.1	8.4	24.3
Alexandria	10.6	31.2	5.7	7.5	N.A.	19.1	5.2	3.6	11.1	28.1
Bristol	20.9	-7.4	137.2	11.2	-0.7	26.4	2.6	26.1	27.7	22.3
Cape Charles - Exmore	1.1	48.8	-41.0	-4.3	N.A.	34.2	N.A.	N.A.	-8.1	17.5
Charlottesville	3.7	32.9	183.9	11.1	N.A.	16.7	2.8	-4.0	-0.5	25.7
Danville	8.8	N.A.	240.2	5.7	11.2	25.2	2.0	4.5	5.0	23.2
Franklin	10.2	N.A.	5.4	9.6	5.8	35.5	N.A.	-4.0	8.1	23.7
Fredericksburg	14.8	37.3	-7.0	N.A.	8.6	37.1	N.A.	6.1	12.4	50.8
Harrisonburg	11.0	31.8	112.5	N.A.	11.4	12.7	N.A.	6.7	11.8	34.9
Lynchburg	12.6	-15.3	-13.7	8.0	N.A.	21.9	3.9	11.8	11.2	25.2
Newport News - Hampton	7.3	9.8	43.7	10.4	13.7	21.0	5.1	4.2	0.5	18.6
Norfolk - Va. Beach - Portsmouth	12.1	19.7	25.3	11.4	13.5	19.3	4.9	11.7	9.6	24.8
Petersburg	2.2	-15.7	236.7	N.A.	-5.6	15.0	-1.2	-4.4	2.7	15.1
Richmond	12.1	7.2	16.9	17.6	15.2	25.2	2.7	7.0	6.6	22.6
Roanoke	13.4	12.2	17.7	11.2	13.3	20.2	3.2	6.8	14.1	24.2
Staunton	5.3	27.1	-54.3	N.A.	2.8	27.1	N.A.	N.A.	-1.1	13.4
Williamsburg	8.1	13.0	74.4	9.3	N.A.	21.5	N.A.	11.0	2.2	13.3
Winchester	11.4	13.7	30.3	13.1	14.5	20.4	N.A.	13.8	5.9	34.9

*Computation of City Index is based upon a weighted arithmetic mean of all business and economic components listed except Building Permits and Bank Debits, which are excluded because of their highly erratic nature.
†Preliminary data based on a survey sample.
‡Revised data based on sales tax information which lags behind current reports.
#Virginia Employment Commission data which lag behind current reports.

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NONAGRICULTURAL EMPLOYMENT IN VIRGINIA AND TEN STANDARD METROPOLITAN STATISTICAL AREAS

TABLE IV May, 1984 Employment in Thousands

Area	Total Non-Agricultural Employment	Durable Goods Manufacturing	Nondurable Goods Manufacturing	Construction	Transportation and Public Utilities	Wholesale and Retail Trade	Finance Insurance and Real Estate	Services	Federal Government	State and Local Government
The State	2,287.8	193.3	218.3	126.5	123.9	502.5	114.9	474.2	164.5	350.5
Sum of SMSAs	1,703.4	128.6	114.5	95.2	97.9	391.6	96.4	386.5	148.1	243.4
Northern Virginia	532.1	17.7	10.1	32.0	36.5	122.8	31.8	155.8	71.2	53.8
Bristol	27.4	5.0	4.3	1.1	1.1	6.4	0.9	3.5	0.5	4.5
Charlottesville	58.9	6.7	3.4	2.9	1.9	10.1	2.8	9.3	1.1	20.6
Danville	40.4	3.4	15.4	1.5	1.0	7.5	1.2	5.1	0.3	4.9
Lynchburg	72.3	17.1	10.4	2.8	3.0	12.6	3.3	12.8	0.6	9.7
Newport News	167.2	33.4	6.2	8.3	4.8	34.8	5.0	35.1	17.4	22.1
Norfolk	317.9	16.6	11.2	22.0	20.1	79.0	16.4	70.0	38.6	44.1
Petersburg	41.4	2.0	5.1	1.8	1.2	8.3	1.2	7.1	4.9	9.6
Richmond	340.6	16.0	39.3	17.0	20.2	82.5	27.4	65.1	10.2	62.6
Roanoke	105.2	10.7	9.1	5.8	8.1	27.6	6.4	22.7	3.3	11.5

NONAGRICULTURAL EMPLOYMENT IN VIRGINIA AND TEN STANDARD METROPOLITAN STATISTICAL AREAS

TABLE V Employment Percentage Change, May 1983 - May 1984

Area	Total Non-Agricultural Employment	Durable Goods Manufacturing	Nondurable Goods Manufacturing	Construction	Transportation and Public Utilities	Wholesale and Retail Trade	Finance Insurance and Real Estate	Services	Federal Government	State and Local Government
The State	4.3	7.4	0.8	13.1	3.4	6.2	5.6	3.5	1.0	1.8
Sum of SMSAs	4.3	7.4	0.7	13.3	2.6	6.0	3.4	4.8	2.3	.3
Northern Virginia	5.6	14.9	16.1	17.2	6.1	7.2	4.3	6.3	2.7	-5.1
Bristol	4.6	19.0	4.9	22.2	0.0	0.0	0.0	2.9	0.0	-4.3
Charlottesville	1.2	1.5	-2.9	3.6	0.0	3.1	0.0	1.1	0.0	1.0
Danville	1.8	13.3	-1.3	7.1	0.0	1.4	9.1	0.0	0.0	2.1
Lynchburg	4.3	5.6	6.1	7.7	3.4	1.6	3.1	1.6	0.0	7.8
Newport News	5.8	4.4	0.0	18.6	0.0	9.1	8.7	7.0	2.4	2.3
Norfolk	5.5	11.4	1.8	16.4	1.0	6.9	6.5	5.9	1.6	2.1
Petersburg	-0.5	0.0	-12.1	0.0	0.0	1.2	0.0	4.4	-2.0	0.0
Richmond	2.4	8.1	-2.0	4.9	2.0	3.6	0.4	2.4	6.2	2.3
Roanoke	3.3	0.9	2.2	13.7	-3.6	9.5	3.2	0.4	0.0	0.0

NONAGRICULTURAL EMPLOYMENT IN VIRGINIA AND TEN STANDARD METROPOLITAN STATISTICAL AREAS

TABLE VI Relative Percentage Change, State Less Nation and SMSAs Less State, May 1983 - May 1984

Area	Total Non-Agricultural Employment	Durable Goods Manufacturing	Nondurable Goods Manufacturing	Construction	Transportation and Public Utilities	Wholesale and Retail Trade	Finance Insurance and Real Estate	Services	Federal Government	State and Local Government
The State	-0.2	-1.7	-3.0	1.3	0.6	1.6	2.1	-1.7	0.5	1.6
Sum of SMSAs	0.0	0.0	-0.1	0.2	-0.8	-0.2	-2.2	1.3	1.3	-1.5
Northern Virginia	1.2	7.5	15.3	4.1	2.7	1.0	-1.3	2.8	1.7	-6.9
Bristol	0.2	11.6	4.1	9.1	-3.4	-6.2	-5.6	-0.5	-1.0	-6.1
Charlottesville	-3.1	-5.9	-3.6	-9.6	-3.4	-3.2	-5.6	-2.4	-1.0	-0.8
Danville	-2.6	5.9	-2.1	-6.0	-3.4	-4.9	3.5	-3.5	-1.0	0.3
Lynchburg	0.0	-1.8	5.3	-5.5	0.0	-4.6	-2.5	-1.9	-1.0	5.9
Newport News	1.5	-3.0	-0.8	5.4	-3.4	2.9	3.1	3.5	1.3	0.5
Norfolk	1.2	4.0	1.0	3.3	-2.4	0.7	0.9	2.4	0.5	0.3
Petersburg	-4.8	-7.4	-12.9	-13.1	-3.4	-5.0	-5.6	0.9	-3.0	-1.8
Richmond	-1.9	0.7	-2.8	-8.2	-1.4	-2.6	-5.2	-1.1	5.2	0.5
Roanoke	-1.0	-6.4	1.5	0.6	-7.0	3.3	-2.4	-3.0	-1.0	-1.8

Sources: Virginia Employment Commission, Employment, Hours, and Earnings, June 1984.
Joint Economic Committee, Economic Indicators, June 1984.
Bureau of Business Research, calculations.

Growth in Virginia and Its SMSAs

Frequently we are asked which geographic areas and industries are growing the fastest, so this month we decided to partially answer such questions. We say partially because the answers depend on **what** you measure, and **how** you measure it. A few factors you could measure are dollar sales, business profits, or employment. We chose employment for two reasons: first, it is of most interest to the general public; and secondly, detailed statistics for nonagricultural employment by area and industry are available through May, making it the most current measure available. Our choice for how to measure it is the percentage change from May 1983 through May 1984.

The numbers are given on the preceding page, in Tables IV through VI. Table IV provides the May, 1984 nonagricultural employment, in total and for each of nine industry groups, for the State, for the ten Standard Metropolitan Statistical Areas (SMSAs) for which detailed industry statistics are available, and for the ten SMSAs combined. These numbers offer a perspective on the importance of each industry in the total employment in each area. Table V shows the employment growth rates for the past year, by area and by industry. The first column gives the percent change in total nonagricultural employment by geographic area. The remaining nine columns give the percent change for each industry group. These nine columns **only** show which industry groups grew at the highest rate in the past year. They do **not** directly indicate which industry contributed the most to the **total** growth in an area since the contribution depends on the industry's size as well as its growth rate.

The data in Table VI give the **relative** performance. For the **State,** the national growth rates were subtracted from the Virginia ones to show whether we grew faster or slower than the nation. For each **SMSA,** the State growth rate was subtracted from the SMSA rate to show how much the local growth rate exceeded or fell short of the **Virginia** growth rate. (If you wish to see how well your area did relative to the nation, add the State row to your SMSA's row. The sum is how many percentage points faster or slower your area grew than the nation).

For the State, Table V shows nonagricultural employment grew by 4.3 percent, and all nine industry groups had positive growth rates. The fastest growing sector was construction, which grew by 13.1 percent. Other high growth industries were durable goods manufacturing, 7.4 percent; wholesale and retail trade, 6.2 percent; and finance, insurance, and real estate (FIRE), 5.6 percent. But, how fast did the State grow compared to the nation? Table VI gives the answers. Total State nonagricultural employment grew by .2 percent less than the national growth rate. By industries, we exceeded the national growth rates significantly in the FIRE group (+2.1 percent), and trade and State and local government employment (both +1.6 percent). The construction growth rate was only slightly above the nation's, and in both types of manufacturing the State growth rate was below the national one.

Taking the ten SMSAs as a group, the urban employment growth was the same 4.3 percent as for the State. In only three industry groups did the all-SMSA growth rates exceed those for the State: services and Federal government, both 1.3 percent above the State growth rates, and construction, a slight .2 percent higher. For the other six industry groups, the fact that the all-SMSA growth rates were below those for the State says **above** average growth rates were achieved in the cities and counties **outside** of the ten SMSAs.

Looking at the entries in Table V for each of the ten SMSAs and each of the nine industry groups, there are only eight negative rates out of those 90 entries. Therefore the overall picture predominantly was one of employment growth, across cities and across industries. Turning to the individual SMSAs, our focus will be on the relative measures in Table VI, showing where the growth rates exceeded or fell short of the State growth rates.

The Newport News-Hampton SMSA had the highest overall employment growth rate, 5.8 percent, exceeding the State average by 1.5 percent. Higher shipbuilding employment was a big factor, but neither it nor durable goods manufacturing employment (of which it is a part) had the highest growth **rates.** In relative terms, the SMSA outperformed the State in construction (+5.4 percent over the State average), services (+3.5 percent), and the FIRE group (+3.1 percent).

The Northern Virginia and Norfolk SMSAs were almost tied for second place, with employment increases of 5.6 and 5.5 percent, respectively. For Northern Virginia, the two industry groups which most outpaced the State were nondurable goods manufacturing (15.3 percent above the average) and durable goods manufacturing (+7.5 percent). Total manufacturing only accounts for 7.9 percent of the SMSA's employment, but it has been the fastest growing sector in the past year. The Norfolk SMSA gets the award for the most balanced performance. The growth rates in eight of the nine industry groups exceeded the State rates, the only laggard being the transportation and public utilities group. The SMSA outgrew the State by the highest percents in durable goods manufacturing (+4.0), construction (+3.3), and services (+2.4).

In fourth place was the Bristol area SMSA (Virginia portion) with 4.6 percent employment growth. They deserve recognition for most improvement in an SMSA, with their unemployment rate falling by 4.1 percent from 8.8 to 4.7 percent. Durable goods employment increased by 19.0 percent, or 11.6 percent higher than the State's growth; and construction outpaced the State average by 9.1 percent.

The Lynchburg SMSA was in fifth place, with an overall growth rate equal to Virginia's 4.3 percent. The two industry groups which outperformed the State were State and local government (5.9 percent above average) and nondurable goods manufacturing (+5.3 percent).

The remaining five SMSAs had lower percentage increases in employment than did the State. The Roanoke SMSA was the best of these, with 3.3 percent growth. Two big employment sources there substantially outpaced the State: trade, 3.3 percent above average, and nondurable goods manufacturing, +1.5 percent. Next came the Richmond SMSA, with 2.4 percent total growth. The only industry group which substantially outperformed the State was Federal government employment, which grew by 5.2 percent more than the average Virginia growth. However, Federal employment is only 3.0 percent of the total SMSA employment, so this was not a major stimulus to the area.

The Danville SMSA was in eighth place with a 1.8 percent increase in total nonagricultural employment. The two industry groups which outpaced the State were durable goods manufacturing (by 5.9 percent) and the FIRE group (by 3.5 percent). Next was the Charlottesville SMSA, which had the distinction of lower percent growth than the State in all nine industry groups as well as in overall employment. However, their consolation is that their unemployment rate of 3.7 percent in May, 1983 was the second lowest among the ten SMSAs; and in spite of below-average growth, their unemployment rate fell to 3.3 percent in May, 1984, still the second lowest rate. The Petersburg SMSA was in tenth place,with nonagricultural employment slightly below last year. One industry group, services, did outperform the State, growing by 4.4 percent compared to the State average of 3.5 percent. RLP